

## Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 IO-13 ISO-00 L-03 FRB-03 OMB-01  
ITC-01 SP-02 ICA-11 AGRE-00 AID-05 CIAE-00  
COME-00 INR-10 LAB-04 NSAE-00 OIC-02 SIL-01  
STR-07 TRSE-00 CEA-01 SS-15 JUSE-00 /098 W  
-----070192 181213Z /50

P R 181133Z JUL 78  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC PRIORITY 2841  
INFO USMISSION GENEVA  
AMEMBASSY DACCA  
AMEMBASSY KATHMANDU

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E.O. 11652: N/A  
TAGSC EPAP, ETRD, UNCTAD, IN, US  
SUBJECT: METING OF UNCTAD JUTE PREPARATORY COMMITTEE:  
INDIAN VIEWS

1. EMBOFF CALLED ON MINCOMMERCE JOINT SECRETARIES  
VOHRA AND DAS TO SOLICIT THEIR VIEWS ON NEXT WEEK'S  
MEETING OF THE UNCTAD PREPARATORY COMMITTEE ON JUTE.  
(VOHRA RECENTLY REPLACED S.P. SHUKLA AS THE GOI  
POLICY-LEVEL OFFICIAL RESPONSIBLE FOR UNCTAD, GATT  
AND MTN AFFAIRS.) DAS CONFIRMED THAT HE WILL BE  
HEADING THE INDIAN DELEGATION.

2. EMBOFF OPENED DISCUSSIONBY DESCRIBING USG'S  
PRELIMINARY REACTION TO STABILIZATION PROPOSAL,  
DRAWING ON STATE 131760 AND GENEVA 8323. DAS WAS  
EAGER TO REBUT THE CONTENTION THAT THE ADVERSE  
IMPACT OF PRICE INSTABILITY ON DEMAND WAS UNPROVEN.  
ECONOMETRIC STUDIES COULD NEVER PROVE THE RELATIONSHIP  
HE ARGUED, BECAUSE PRICE INSTABILITY WAS SO ENTWINED  
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WITH OTHER FACTORS INAFECTING THE WORLD MARKET.  
BUT OTHER STUDIES WHICH WERE BASED ON THE ACTUAL  
ATTITUDES AND ACTIONS OF MARKET PARTICIPANTS--SUCH AS  
THESE OF THE WORLD BANK AND UNDP--HAD CONCLUDED THAT  
PRICE INSTABIOITY WAS A SIGNFICANT FACTOR.DAS THEN  
REHEARSED THE SECURITY OF SUPPLY ARGUMENT IN FAVOR  
OF A BUFFER STOCK, CONTRASTING THE COMPLEXITY OF

PRODUCTION AND TRANSPORTATION OF JUTE GOODS WITH THE READY AVAILABILITY OF SYNTHETIC COMPETITORS. HE ALSO ARGUED THAT DEGREE OF INSTABILITY OF JUTE PRICES HAD TO BE MEASURED AGAINST JUTE'S IDENTIFIED COMPETITORS-- THE PRICE OF WHICH WAS HIGHLY STABLE--RATHER THAN AGAINST THE INSTABILITY OF OTHER COMMODITIES WHICH HAD NO MARKET RELATIONSHIP.

3. EMBOFF NOTED THAT US DEL TO APRIL JUTE MEETING HAD REITERATED US OPPOSITION TO INCLUSION OF PRODUCTS IN A STABILIZATION SCHEME.DAS ASSERTED THAT, IN IDENTIFYING 18 COMMODITIES FOR INCLUSION IN THE INTEGRATED PROGRAM,UNCTAD MEMBERS HAD AGREED THAT IN THREE CASES COMMODITY COULD NOT BE CONSIDERED SEPARATELY FROM CLOSELY RELATED PRODUCTS: HARD FIBERS, COTTON AND JUTE. IF A COMMODITY AGREEMENT WERE LIMITED TO RAW JUTE, HE SAID, IT WOULD BE IN ESSENCE A BILATERAL TRADE AGREEMENT BETWEEN BANGLADESH AS THE PRINCIPAL EXPORTER AND THE EC AS THE PRINCIPAL IMPORTER. IN THIS CONTEXT DAS COMMENTED "PERSONALLY" THAT THE EC/SECRETARIAT PROPOSAL WAS NOT MUCH OF A STABILIZATION SCHEME. IN THE PAST, HE EXPLAINED, THE PRICE OF JUTE HAD TENDED TO RISE ABOVE THE FAO-AGREED INDICATIVE PRICE. THE PROPOSAL WOULD HELP KEEP THE PRICE AT THE INDICATED LEVEL. FOR BANGLADESH THE EFFECT MIGHT WELL BE TO REDUCE FOREIGN EXCHANGE EARNINGS. THE PRINCIPAL LIMITED OFFICIAL USE

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BENEFIT WOULD GO TO EUROPEAN JUTE MANUFACTURERS WHO WOULD GET MORE STABLE INPUT COSTS AND--PRESUMABLY WOULD HAVE MORE STABLE PRODUCT PRICES.

4. EMBOFF ASKED WHETHER DAS INTENDED TO SEEK AGREEMENT ON A STABILIZATION SCHEME WHICH WOULD INCLUDE STOCKING OF JUTE PRODUCTS IN SPITE OF CONSUMER OPPOSITION. DAS REPLIED THAT HE CERTAINLY DID,"BUT I KNOW I'LL HAVE TO BE VERY PERSUASIVE."

5.DAS POINTEDLY ASKED EMBOFF WHETHER THE US WOULD BE WILING TO JOIN AN AGREEMENT WHICH INCLUDED STABILIZATION BUT WITHIN WHICH THE US ONLY PARTICIPATED IN NON-STABILIZATION ACTIVITIES. EMBOFF REPLIED HE DID NOT KNOW US POSITION ON THIS ALTERNATIVE. HE STRESSED, HOWEVER, THAT USG HAD DEVOTED CONSIDERABLE RESOURCES TO WORK ON JUTE PROBLEMS AND WAS EAGER TO MOVE AHEAD IN DEVELOPING AGREED PROGRAMS FOR OTHER AREAS SUCH AS MARKET DEVELOPMENT AND R AND D.

6. COMMENT: IF BANGLADESH CHOOSES TO TAKE UP THE EC/SECRETARIAT PROPOSAL FOR A STABILIZATION SCHEME

FOR RAW JUTE, THE GOI SEEMS INTENT ON GETTING SOME  
BENEFIT FOR ITS JUTE PRODUCT EXPORTS.WHETHER IT  
WILL PRESS SO HARD AS TO DISRUPT THE DISCUSSIONS AT  
THIS STAGE IS UNCERTAIN. OTHER THAN DAS' QUESTION  
REPORTED IN PARA 5 HIS INTEREST CENTERED ON STABILIZATION  
AND PRODUCT COVERAGE--THE AREA WHERE US AND  
INDIAN POSITIONS ARE MOST OPPOSED.

7.VOHRA REMAINED LARGELY SILENT THROUGHOUT THE CON-  
VERSATION AND THE INFLUENCE SHE WILL EXERT ON THE  
INDIAN ROLE IN UNCTAD MEETINGS IS STILL TO BE SEEN.  
GOHEEN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** JUTE, COMMITTEE MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978NEWDE10941  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
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**Previous Handling Restrictions:** n/a  
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**Subject:** METING OF UNCTAD JUTE PREPARATORY COMMITTEE: INDIAN VIEWS  
**TAGS:** EPAP, ETRD, IN, US, UNCTAD  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014